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UNCLAS SECTION 01 OF 04 KATHMANDU 000515

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STATE FOR SA/INS AND DS/IP/NEA  
STATE ALSO PLEASE PASS USAID/DCHA/OFDA  
STATE ALSO PLEASE PASS PEACE CORPS HQ  
USAID FOR ANE/AA GORDON WEST AND JIM BEVER  
MANILA FOR USAID/DCHA/OFDA  
LONDON FOR POL/RIEDEL  
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE  
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST  
FINANCING  
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN

E.O. 12958: N/A

TAGS: PHUM PTER CASC PGOV NP IN

SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, MARCH 15-21

REFERENCE: (A) KATHMANDU 0471

(B) KATHMANDU 0145

SUMMARY

1. Prime Minister Lokendra Bahadur Chand told the local press that peace talks would likely start in April, while Dinanath Sharma, senior-level Maoist leader and member of the Maoist negotiating team, said he was ready to begin talks at any time. Narayan Singh Pun, Minister of Physical Planning and Works, and government-appointed peace talks coordinator, expressed confidence that the peace talks would succeed. Minister Pun also reasserted that Maoist leaders would not be arrested during peace talks. Twenty more Maoists were released from various jails throughout the country. Maoists reportedly have abducted two Nepali Congress (Democratic) workers in Pyuthan District, accusing them of being informants, while a splinter group of the insurgents has stepped up extortion demands from teachers in Sankhuwasabha District. Maoists in Kaski District reportedly are still widely engaged in recruiting, and are storing weapons in the jungle and other hideouts, promising a "vicious war" if talks failed. The All Nepal National Independent Students' Union-Revolutionary (ANNISU-R) unlocked college campuses on March 16 after Tribhuvan University (TU) reportedly agreed to fulfill their demands (Ref A), but expressed anger at the Home Ministry's press statement issued on March 16 that Purna Poudel, General Secretary of ANNISU-R, was not in custody. Devendra

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Parajuli, President of ANNISU-R, accused the GON of lying about Poudel's whereabouts, and reportedly accused the security personnel of murdering ANNISU-R cadres in custody. ANNISU-R promised a "strong action" if their cadres were not released. The GON announced on March 16 that it plans to reconstruct infrastructure destroyed during the Maoist insurgency, and rehabilitate displaced people, particularly children and widows. The families of five youths mistakenly killed in Nuwakot District by security forces in November 2002 (Ref B) are still waiting to receive compensation promised to them by the GON.

POSSIBLE START DATE FOR PEACE TALKS

2. Prime Minister Lokendra Bahadur Chand told the local press on March 15 that peace talks would likely start in April. The Prime Minister said that the Maoists had requested three weeks to inform all of their cadres of the March 13 signing of the code of conduct.

3. Dinanath Sharma, senior-level Maoist leader and member of the Maoist negotiating team, told reporters on March 16 that the focus of the peace talks should be on how much the participants are willing to sacrifice and not how much they want to gain. Sharma also promised that more senior Maoists would appear in public if the GON created a conducive environment, declaring that they were ready to begin talks.

4. Narayan Singh Pun, Minister of Physical Planning and Works and government-appointed peace talks coordinator, expressed confidence on March 16 that the peace talks would succeed, and said the GON was "on the right track." Minister Pun also said that, because restoring the economy of the country was vital to ensure that democracy flourished, economics would be one of the prime topics of the peace talks.

GON READY TO ACT ALONE

5. Prime Minister Chand announced on March 15 that the GON would try again to involve the major political parties in

peace talks, but that the Government of Nepal (GON) was ready to move ahead on its own if necessary. Chand reportedly dismissed the labeling of his government as illegitimate, and expressed concern that the major political parties might be trying to disrupt the peace process. Chand proclaimed that the GON was committed to maintaining peace and accused the main parties of boycotting the peace process. (Note: The major parties boycotted, for the second time, an all-party meeting called by Prime Minister Chand on March 11. They had boycotted a previous all-party meeting to which they were invited by Chand on February 17. End note.)

#### PUN SAYS NO ARRESTS OF MAOIST LEADERS

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16. Minister Pun said on March 19 that Maoist leaders would not be arrested during peace talks. Pun said the code of conduct guaranteed freedom of movement by Maoist negotiators and that the GON was committed to honoring the code.

17. Five Maoists were re-arrested shortly after their release on March 16 in Jhapa District. The detainees had been in custody for three months. The Chief District Officer (CDO) said he was aware of their re-arrest but did not know where they had been taken. Two ANNISU-R cadres were arrested on March 14 in Surkhet District while attending an organizational meeting. Devendra Parajuli, President of ANNISU-R, said the arrests were a violation of the code of conduct.

18. In Salyan District, thirteen Maoists were released from custody on March 18. Security officials reportedly released them to help generate support for the peace process. Three Maoists in Baglung District, including a journalist and a teacher, and three from Sarlahi District were also released this week. A senior-level Maoist arrested in Damauli District by army personnel a week after the announcement of the ceasefire was released on March 20.

#### MAOIST CADRES IGNORE CODE OF CONDUCT

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19. Maoists reportedly have abducted two Nepali Congress (Democratic) workers in Pyuthan District on March 19. The insurgents have accused them of being informants for security forces prior to the ceasefire.

10. The Maoist affiliated Kirant Worker's Party (KWP) apparently has shunned the code of conduct guidelines and reportedly are extorting money from school teachers in Sankhuwasabha District. The KWP activists allegedly are armed and visiting schools demanding portions of the teachers' salaries.

11. Locals in west-central Baglung District are still unable to return home because the Maoists have not relinquished control of their land even after the ceasefire. According to local press accounts, over a hundred people have been displaced throughout the district after the insurgents seized their land, some of which was taken after the announcement of the ceasefire. Maoist leaders in the eastern district of Ilam reportedly are asking people to return to their homes. Many of the villagers have stayed away despite the ceasefire, however, out of fear they will be forced again by Maoists to make monetary contributions. The insurgents have apparently told the villagers it was safe for them to return and had nothing to fear if they did not take any action against the Maoists.

12. Local journalists met with Maoists in the central hill district of Kaski on March 18 and reported that the insurgents are still widely engaged in recruiting, and are storing weapons in the jungle and other hideouts. The Maoists have also shunned offers of food by the "feudal rulers and imperialists" and allegedly have said they do not accept these acts of "so-called cooperation" by the government. The district leader also warned that if the talks failed there would be a vicious war.

13. Maoists reportedly issued a statement on March 15 demanding that the GON supply food to villagers in Baglung District. The food depots there are empty due to earlier raids by the insurgents, and many people throughout the district reportedly are facing a severe food crisis. The GON already has been supplying rice.

#### ANNISU-R UNLOCKS COLLEGES

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14. The All Nepal National Independent Students' Union-Revolutionary (ANNISU-R) unlocked college campuses on March 16 after Tribhuvan University (TU) reportedly agreed to fulfill their demands, which included the release of all imprisoned students; the release of information on the whereabouts of Purna Poudel, General Secretary of ANNISU-R;

an immediate end to arrests of pro-Maoist students; a ban on security forces inside campuses; and the admission of pro-Maoist students to government-run universities. The militant student wing of the Maoists had padlocked branches throughout the country of government-run Tribhuvan University since March 9 (Ref A).

15. ANNISU-R cadres reacted angrily to the Home Ministry's press statement issued on March 16 that Purna Poudel, General Secretary of ANNISU-R, was not in custody, nor were there any records of him being detained. Devendra Parajuli, President of ANNISU-R, held a press conference on March 19 and declared that the GON was lying about Poudel's whereabouts, and that army and police personnel had arrested Poudel on April 26, 2002. Parajuli also reportedly accused security personnel of murdering ANNISU-R cadres in custody. Poudel insisted that the GON reveal the whereabouts of all its missing cadres and release them or face a "strong movement against the government."

#### RECONSTRUCTION AND REHABILITATION PLANS

16. On March 14 Kulchandra Gautam, Assistant Secretary General of the United Nations (UN) and Deputy Executive of UNICEF, said in Kathmandu that the UN could play a pivotal role in the reconstruction of Nepal once the current conflict is resolved. Gautam said that there was much sympathy within the international community for Nepal and that many governments would be agreeable to launch humanitarian and reconstructive programs for the regions hit hardest by the insurgency.

17. The GON announced on March 16 that it plans to reconstruct infrastructure destroyed during the Maoist insurgency and rehabilitate displaced people. The National Planning Commission (NCP) said priority would be given to district headquarters, bridges, airports, school buildings, health clinics, road repair, and communication systems. Job training and shelter would also be available for those displaced as a result of the insurgency. The GON's figures show that almost three thousand people have been displaced, but many human rights organizations claim the number is much higher. There is no date set for when these programs will begin.

18. The GON announced a rehabilitation program on March 19 for over one thousand children in the mid and far western districts. The program is aimed at helping those children affected by the insurgency as well as women who were widowed. Under the program, the children would receive free education, lodging and food while the widows would have the opportunity to obtain interest-free loans for start-up businesses. Critics of the program, however, have deemed it as inadequate and limited to only a handful of insurgency victims.

19. In direct contrast to past statements of party objectives, Krishna Bahadur Mahara, member of the Maoist negotiation team, said on March 19 that the economy is the basic foundation of the country and that it was important to develop a free market economy. Mahara said the business community has many troubles that need to be solved before Nepal's economy can prosper, and his party has developed a seventy-five-point plan. No details of this plan have been provided. Maoists traditionally have discouraged private sector growth and made numerous threats against foreign businesses and investors.

#### GON SLOW WITH COMPENSATION

20. The families of five youths mistakenly killed in Nuwakot District by security forces in November 2002 (Ref B) are still waiting to receive compensation promised to them by the GON. Despite frequent visits to the District Administration Office (DAO) the families have been sent away repeatedly empty-handed. The Chief of the DAO said he has not received the money from the GON, but would give it to the families as soon as he did.

MALINOWSKI